



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Restructured trade advisory system
Da: Tuesday, Nov. 25, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, in October 2002 urged the Administration to restructure the decades-old, outdated trade advisory system after a General Accounting Office report he commissioned found flaws in the system.

Today, the U.S. Department of Commerce and the United States Trade Representative responded to Grassley's initiative and announced they have restructured the trade advisory committee system to ensure the committees reflect today's U.S. economy and vision for the future. The trade advisory system provides the private sector and civil society the opportunity to advise the Administration on trade issues and is an important part of the Administration's outreach efforts.

Grassley made the following comment on today's announcement.

"I know these agencies have worked hard to improve our trade advisory system, and I appreciate their efforts. It's common sense to make sure business and agricultural groups have a say in how trade policy will affect their ability to keep jobs, create jobs and otherwise contribute to the economy. This helps ensure that trade negotiators and members of Congress are fully informed about the implications of our actions. Today's action might not get a lot of headlines, but it's important to the behind-the-scenes work of creating trade opportunities. Trade is important to our economy. It's important that we have the most efficient, effective trade advisory system possible. Today's actions help us achieve that goal."

Following are:

- (1) today's news release from the agencies
- (2) Senator Grassley's news release from October 2002

FOR IMMEDIATE RELEASE
November 25, 2003

U.S. Department of Commerce and the U.S. Trade Representative
Announce New Industry Trade Advisory Committee Structure

WASHINGTON -- The U.S. Department of Commerce and the United States Trade Representative (USTR) today announced that the agencies have restructured their jointly-administered industry trade

advisory committee system to ensure the committees reflect today's U.S. economy and vision for the future. The trade advisory system provides the private sector and civil society the opportunity to advise the Administration on trade issues and is an important part of the Administration's outreach efforts.

"This new structure better reflects the 21st Century economy and will provide our negotiators with critical and timely advice during trade negotiations," said Commerce Secretary Don Evans. "The current committees were put in place more than twenty years ago. This new structure reflects important changes in the U.S. economy since then, and will give us the advice we need to continue crafting state-of-the-art trade agreements that will benefit U.S. workers, companies and consumers," said U.S. Trade Representative Robert Zoellick. "We greatly appreciate the input we receive from committee members because it helps us bring back win-win trade agreements."

A new Industry Trade Advisory Center was announced today, with 16 new Industry Trade Advisory Committees (ITACs). The restructuring is consistent with recommendations in a recent U.S. General Accounting Office Report, "International Trade: Advisory Committee System Should be Upgraded to Better Serve U.S. Policy Needs" (GAO 02-876), and reflects the commitment of Commerce and the USTR to improve the trade advisory committee system. Commerce and USTR consider the new ITACs, as well as those advisors who serve on the committees, to be an integral part of the U.S. trade policy making process in advancing the Administration's ambitious trade agenda to improve economic opportunities for the United States as well as its trading partners.

In announcing the new ITAC structure (attached), Commerce and USTR will be working diligently to complete the chartering of the new ITACs and the appointment of members to the new committees. Implementation is expected in March 2004. The two agencies also intend to implement a new calendar of meetings, with plenary sessions of all ITAC members during weeks when individual ITAC meetings are also taking place. This will increase efficiency and improve the sharing of views and information across sectoral committees.

Background:

The trade advisory committee system was established by Congress in the Trade Act of 1974. Today more than 700 advisors participate on committees jointly administered by USTR, the Departments of Commerce, Labor and Agriculture, and the Environmental Protection Agency. The largest component is the Industry Sector Advisory Committee and the Industry Functional Advisory Committee (ISAC/IFAC) system, now the ITAC system, jointly administered by the U.S. Trade Representative and the Secretary of Commerce.

U.S. DEPARTMENT OF COMMERCE
AND THE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

INDUSTRY TRADE ADVISORY COMMITTEES (ITACs)

Committee of Chairs of the
Industry
Trade Advisory Committees

- (ITAC 1) Aerospace Equipment
- (ITAC 2) Automotive Equipment and Capital Goods

- (ITAC 3) Chemicals, Pharmaceuticals, Health/Science
Products and Services
(ITAC 4) Consumer Goods
(ITAC 5) Distribution Services
(ITAC 6) Energy and Energy Services
(ITAC 7) Forest Products
(ITAC 8) Information and Communications Technologies,
Services, and Electronic Commerce
(ITAC 9) Non-Ferrous Metals and Building Materials
(ITAC 10) Services and Finance Industries
(ITAC 11) Small and Minority Business
(ITAC 12) Steel
(ITAC 13) Textiles and Clothing

(ITAC 14) Customs Matters and Trade Facilitation
(ITAC 15) Intellectual Property Rights
(ITAC 16) Standards and Technical Trade Barriers

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*Note: The Committee of Chairs is comprised of the elected Chairs of the sixteen ITACs.

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For Immediate Release
Tuesday, Oct. 22, 2002

Grassley Urges Improvement of Trade Advisory System

WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, today encouraged United States Trade Representative Robert Zoellick to continue implementing the recommendations of a new report showing the nation's trade advisory system needs improvement.

“This report is extremely important and timely,” Grassley said. “It’s been decades since there has been a comprehensive review of our trade advisory system. With the passage of Trade Promotion Authority, our trade negotiators are embarking on a number of new bilateral and multilateral trade negotiations. We need to make sure our nation has the best trade advisory system possible to meet the needs of our negotiators, the Congress and the U.S. economy.

“The General Accounting Office report reinforces the positive impact that the trade advisory system has on our trade negotiations. But the report also shows the system could use improvement. I know Ambassador Zoellick is already taking steps to improve our trade advisory system, and I appreciate his efforts. It’s common sense to make sure business and agricultural groups have a say

in how trade policy will affect their ability to keep jobs, create jobs and otherwise contribute to the economy. This helps ensure that trade negotiators and members of Congress are fully informed about the implications of our actions.”

Grassley’s comments came after the completion of a review he requested of the trade advisory system by the General Accounting Office (GAO). The GAO’s report, “International Trade/Advisory Committee System Should Be Updated to Better Serve U.S. Policy Needs,” GAO-02-876, will be available soon at www.gao.gov.

Grassley wrote a letter to Zoellick to encourage the continued implementation of the GAO’s recommendations. The text of Grassley’s letter follows.

October 22, 2002

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Zoellick:

As you know, the United States General Accounting Office (GAO) recently reviewed, at my request, the role, structure, and operations of the 28-year-old trade advisory committee system. I asked GAO to perform this review because I believe that it is essential for our international trade negotiators to have access to the most comprehensive and effective trade advisory system possible.

The published report, “Advisory Committee System Should be Updated to Better Serve U.S. Policy Needs” (September 2001; GAO-02-876), reinforced the positive impact which the trade advisory committee system has on our international trade negotiations. However, in its report GAO also identified a number of concerns with the current system. In specific, the GAO noted that “lack of policy direction and poor system administration at executive branch agencies are weakening the advisory committee system’s capacity to accomplish its statutory mission. USTR, as the lead agency, has not provided clear policy direction.” GAO also found that, “mismatches between the advisory committee system and the U.S. economy and trade policy issues suggest that the system neither provides the executive branch with all the advice it needs nor assures Congress that negotiated agreements are fully in U.S. interests.”

GAO also made specific recommendations about how to improve and strengthen the system. I understand from your written comments in response to the report that your office is taking steps to implement some of GAO’s recommendations. Specifically, USTR stated that it is working on implementing the four following GAO recommendations to:

- clarify procedures for consulting with trade advisory committees,
- seek qualified candidates to serve on committees,
- streamline the security clearance process for advisory committee nominees, and
- improve consultation procedures so advisory committee members have timely access to relevant documents.

I believe these are important steps that will make the consultation process more relevant and

meaningful and I would be interested to learn the results of your efforts. Therefore, please advise me at the earliest possible date, but no later than January 15, 2003, of the specific steps USTR is taking to implement these recommendations.

In addition, GAO recommended that USTR undertake, in concert with the Secretaries of Agriculture, Commerce, Labor, and the EPA Administrator, an assessment of the entire trade advisory system, and update it to make it more relevant to the current U.S. economy and trade policy demands.

In my view, this is also a important recommendation that addresses many of the concerns raised in the GAO report. Because I am considering introducing legislation in the 108th Congress to implement some of GAO's recommendations and to enhance the current trade advisory system, I would appreciate knowing your timetable for implementing this recommendation at the earliest possible date, but not later than January 15, 2003.

Your efforts to implement the GAO recommendations, and update and streamline the trade advisory committee system, will help ensure that the advisory committee system can meet the objectives set for it by Congress. They will also enhance the prospects that your work at the negotiating table will result in international trade agreements that Congress can approve with confidence.

I appreciate your consideration of my views and look forward to your response.

Sincerely,

Charles E. Grassley